

Reuters Summit-Dell doesn't want to be No. 1 in smartphones

600 words

21 May 2010

14:26

[Reuters News](#)

LBA

English

(c) 2010 Reuters Limited

* **Dell's** first major smartphone hits U.S. this summer

* To start with consumer devices, move to business market

By Jim Finkle and Franklin Paul

SAN FRANCISCO (Reuters) - If you're one of the last major technology companies to get into the crowded smartphone market, how do you stake out your territory and compete against the iPhone and the BlackBerry?

That's the daunting question facing **Dell Inc** this summer as it launches its first U.S. smartphone with AT&T Inc -- three years after Apple Inc's iPhone and a good decade after Research in Motion's BlackBerry.

Dell's consumer business chief, Stephen Felice, says the new Aero phone is aimed at professionals, especially those who work at the big corporations that contribute the bulk of the Round Rock, Texas-based company's sales.

These customers are more interested in scheduling appointments than downloading games, and the special sauce that will make **Dell's** phones stand out from the crowd will be business software applications that won't be available on rival products, according to Felice.

The company knows it is making a trade-off in staying close to its business roots rather than going after the mass consumer market like its rivals.

"We're not out to be a handset leader," Felice, president of **Dell's** consumer, small and medium business division, told the Reuters Global Technology Summit this week. "This is clearly one area where we are not sitting here thinking that our goal is to sell the most phones in the market."

A slew of technology companies from Microsoft Corp to Hewlett-Packard Co is diving into the global smartphone market, as faster wireless services and creative software developers propel the mobile computing trend.

Dell will launch two consumer mobile devices: the Aero smartphone, which runs on Google Inc's Android operating system, in the United States this summer, and the Streak tablet PC in Europe next month.

The company is already selling a first-generation version of Aero, the Android-based Mini 3, in China and Brazil, and is tweaking that technology prior to the U.S. launch.

The end game is to eventually build phones and tablet PCs for large corporations, according to **Dell**.

"You have got to look at this thing as one big strategy, not just a consumer view," Felice said. "Down the road we will start applying this technology to the commercial sector."

He declined to provide details on the new applications that **Dell** has built for the phone except to say that it will offer unique features in its GPS and email programs.

"It's our intention to create devices that are more seamless in terms of business applications and productivity tools, not just downloading games," he said.

Dell, the world's third-largest PC maker, gets about 70 percent of its revenue from the business market. In the future, it will look at developing mobile devices suited for tasks performed by healthcare providers, attorneys, financial professionals and other types of workers, Felice said.

Last week, Chief Executive Michael **Dell** tantalized the tech world with a glimpse of the Streak tablet at a conference, showing off a 5-inch display about half the size of Apple's iPad.

"We think it is a more usable size," Felice said. "We think the applications we are building are going to be really relevant to users." (Reporting by Jim Finkle and Franklin Paul, editing by Tiffany Wu and John Wallace)

TECH-SUMMIT/DELL-MOBILE|LANGEN|FUN

Dell taking smartphone business to new areas

April 14, 2010, 3:32 PM EDT

MORE FROM BUSINESSWEEK

- [The Paradox of Deep Water: Lots of Oil, Lots of Danger](#)
- [The Secret Cult of Office Smokers](#)

- [SAP's New CEOs Rush for Turnaround With Sybase Buy \(Update6\)](#)
- [BP Uses Mile-Long Funnel to Siphon Leaking Oil Well \(Update2\)](#)
- [BP Will Pay Spill Costs as U.S. Agencies Mobilize \(Update3\)](#)

STORY TOOLS

- [e-mail this story](#)
- [print this story](#)
- [digg this](#)
- [save to del.icio.us](#)
- [add to Business Exchange](#)



By Agam Shah

[Dell](#) on Tuesday announced a partnership with telecommunications provider Telefonica to develop mobile products and services, which would expand its smartphone business in Latin America and Europe.

The companies will jointly focus on developing "smart mobile products" and services, a Dell spokesman said, declining further comment on what devices or services would be developed as part of the partnership. However, analysts said the relationship sets the stage for Telefonica to offer Dell's mobile devices, which include smartphones, tablets and netbooks, in the future.

Dell makes a pair of smartphones with Google's Linux-based Android operating system. The Mini 3i smartphone first became available in China through carrier China Mobile in late November. The company also makes the Aero smartphone, which will become [available soon](#) in the U.S. through wireless carrier AT&T. Dell also offers Inspiron Mini netbooks and is developing the Mini 5 tablet, which includes a 5-inch touch screen.

The Telefonica deal is a major win for Dell, said Will Stofega, program director at IDC.

"It's a big international player and has a lot of assets in Latin America," Stofega said. The company has a presence in most South American countries and also offers telecom services in Mexico. Telefonica also has a presence in European countries including Spain, the Czech Republic and the U.K., where it offers services through O2.

For Telefonica, Dell is a safe company to partner with as it brings a wide range of mobile products to the table that few companies can match. Companies like Apple, Google and Nokia offer mobile devices and services but can't match Dell on netbook offerings, he said. Recent IDC PC shipment numbers have shown a boost in netbook shipments in Europe through wireless carriers that bundle the low-cost PCs as part of mobile broadband contracts.

Wireless carriers want to subsidize phone offerings to under US\$200, which Dell can do, Stofega said. Dell also has the mass production and mass distribution capability for its PCs that it can apply to cell phones.

Dell has already established partnerships with wireless carriers to distribute its mobile products, including Vodafone in Europe, Australia and New Zealand, M1 and Starhub in Singapore and Claro in Brazil.

Smartphones are a small piece of Dell's business, but will become an important component for the company to deliver mobile products and services, said John Spooner, analyst at Technology Business Research. A partnership with Telefonica could help improve smartphone and netbook shipments. Establishing a larger mobile business builds the potential to provide more data and Web-based services to consumers and enterprises, Spooner said.

Dell is taking the right steps to enter the mobile device business, but the partnership with Telefonica doesn't guarantee success, analysts said. The company is a late entrant into a smartphone market dominated by companies like Nokia, Apple, Samsung, Research In Motion and LG Electronics. Even companies like Google and Microsoft have entered the market with specialized services offerings. The world's second-largest PC

maker, Acer, is also vying for the same opportunity to bundle mobile devices with services, analysts said.

"Everyone wants to get in here and play," Stofega said.

STOCKS by [Mark Veverka](#) ([Author Archive](#))